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C O N F I D E N T I A L SECTION 01 OF 02 KUALA LUMPUR 000295

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FOR EAP/MTS AND INR

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TAGS: [PGOV](#) [PINR](#) [KDEM](#) [MY](#)

SUBJECT: ABDULLAH PUSHES REFORMS DESPITE UMNO, NAJIB DRAWS
FLAK FOR NOT MOVING

REF: A. KUALA LUMPUR 294 - JUDICIAL REFORM

[B](#). KUALA LUMPUR 265 - ANWAR'S OFFICIAL RETURN

[C](#). KUALA LUMPUR 261 - MORE UMNO PRESSURE FOR CHANGE

[D](#). KUALA LUMPUR 256 - UMNO VOICES NAJIB TAKE-OVER

[E](#). KUALA LUMPUR 223 - UMNO ELECTIONS IN DECEMBER

[F](#). KUALA LUMPUR 202 - KING VERSUS PRIME MINISTER

[G](#). KUALA LUMPUR 178 - UMNO STOKES MALAY FEARS

[H](#). KUALA LUMPUR 160 - MALAYSIA'S ELECTION SHOCK

Classified By: POLITICAL SECTION CHIEF MARK D. CLARK, REASON 1.4 (B AND
D).

Summary

[1](#). (C) Embattled Prime Minister Abdullah Badawi announced initial steps for judicial reform and strengthening the Anti-Corruption Agency (ACA) despite objections from his own UMNO party, PM confidante Kalimullah told the Ambassador on April 17. Deputy Prime Minister Najib thus far is sticking by the Prime Minister, but a challenge by Najib would bring down Abdullah, Kalimullah asserted. Some UMNO leaders, along with former PM Mahathir, are increasingly frustrated with Najib for not making a move against the Prime Minister, and have warned that Najib could miss his opportunity and find himself swept aside. End Summary.

PM Acts on Reforms Despite UMNO Objections

[2](#). (C) In an April 17 lunch with the Ambassador, PM Abdullah confidante and spin doctor Kalimullah Hassan said that in addition to the PM's moves on judicial independence (ref A), Abdullah hoped to announce measures that would increase the independence of the Anti-Corruption Agency (ACA), including making the ACA answerable to Parliament rather than the PM's office. (Note: The PM announced the outline of this plan on April 21. End Note.) Kalimullah said Abdullah, despite significant opposition in UMNO, would take a series of dynamic steps to lead the party toward the kind of political reforms that the PM had promised but never delivered. While conceding that the PM would have to push such measures through the cabinet, he stressed that Abdullah and his inner circle believed there was little to lose at this point. The reforms were intended to assure the PM's legacy now by cementing changes that will benefit the country in the long term. Kalimullah expressed confidence that reforms pushed through by Abdullah could bring back many of the voters who deserted the BN and enable UMNO to win the next election. Abdullah has embarked on a new path and will not back down, Kali averred.

[3](#). (C) Kalimullah viewed Home Minister Syed Hamid as a leading force for those "backward looking" elements of UNMO

"refusing to acknowledge reality." Kalimullah claimed that he supported New Straits Times (NST) editors in their resistance to Hamid's efforts to censor them. (Comment: The NST often acts as a pro-Abdullah platform, and reportedly Kalimullah helps in this orchestration of the press. End Comment.) Kalimullah thought the Malaysian Chinese Association (MCA) could be part of a revitalized National Front (BN) coalition, but saw Samy Vellu and the Malaysian Indian Congress (MIC) as beyond resuscitation.

PM's Longevity and Najib's Support

¶4. (C) Kalimullah thought that with Najib's support Abdullah could hold on for at most another two to two and a half years, i.e., up until about a year before the next UMNO General Assembly after the one December 2008. He emphasized, however, that the PM would not survive a challenge from Najib, and added that such a challenge could happen even before December of this year. If the longer scenario worked out, Najib would replace Abdullah and Muhyiddin would succeed Najib. Anwar could try to force the pace, but Kalimullah agreed that it would make no sense for Anwar to press for an early no-confidence vote in Parliament. He accused Anwar of buying the votes of MPs in East Malaysia using a Chinese businessman as broker and noted that some in UMNO wanted to compete with Anwar in such tactics, but that Abdullah would oppose this. (Comment: UMNO has a long history of buying political support, and both Abdullah and Anwar, when he was in UMNO, have directed such tactics. End Comment.)

Najib's Inaction Draws Fire

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¶5. (C) UMNO Johor division leader and MP Nur Jazlan told polchief on April 18 that he "in honesty" had asked Abdullah to step down during the PM's consultation in Johor on April 11, as subsequently posted in Nur Jazlan's personal internet blog. UMNO would require years to restore itself after the March 8 election debacle and may never recover fully, so leadership change must start now. Nur Jazlan said UMNO has lost its confidence. Instead of focusing on winning over 8 seats to reestablish a two-thirds parliamentary majority, UMNO was running scared of Anwar Ibrahim's claims that he could topple the government by recruiting 30 government MPs. Nur Jazlan acknowledged that Anwar could precipitate events, but thought Anwar's interests were served by preserving Abdullah for the short term.

¶6. (C) Nur Jazlan expressed frustration with Najib's lack of action to force Abdullah out. If Najib does not act soon, "he will be swept away along with Abdullah," and UMNO VP Muhyiddin Yassin may be the beneficiary. He dismissed the notion that Abdullah could reach out to the opposition to push a reform agenda. He added that Abdullah's initial judicial reforms were not substantive and did not strengthen his position in UMNO. (Comment: The normally reflective and even tempered Nur Jazlan came across in this meeting as nervous and angry. End Comment.)

¶7. (U) On April 19, UMNO Supreme Council member Khir Toyo explained in his blog that previously he had written about the need for Abdullah "to execute an exit plan as urged by many quarters, including UMNO Johor.... The transition (from Abdullah to Najib) does not seem to be happening anytime soon, creating a few possible scenarios - one of them being the loss of public confidence in Datuk Seri Najib Tun Razak." Khir Toyo warned that Anwar Ibrahim planned to stand in a by-election, and UMNO would need new leadership to reestablish party confidence and prevail against Anwar.

¶8. (U) Former Prime Minister Mahathir also spoke out on April 19, telling reporters Najib was not "brave enough" to act, and called Najib a "coward." Mahathir, who earlier this

month had signaled he no longer supported Najib as the next Prime Minister, said that in an UMNO competition, "Najib will have to face competition from others such as Muhyiddin Yassin and (Foreign Minister) Rais Yatim...."

Comment

19. (C) Abdullah is reaching out to the public with announced plans to take some reform steps that have popular appeal. Meanwhile, UMNO leaders who have pushed publicly and privately for Abdullah to step down in favor of Najib are frustrated by Najib's inaction, which as days go by leaves them awkwardly exposed in their clear opposition to their party president and Prime Minister. Clearly, it will be more difficult for UMNO dissidents to move against both Abdullah and Najib at the same. The future will tell whether it is Najib who is missing his golden opportunity to take the reins, or Abdullah's critics who have mistimed their opposition to the Prime Minister.

KEITH